

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	§	Chapter 11
FRANCHISE GROUP, INC., <i>et al.</i> , ¹	§	Case No. 24-12480 (LSS)
	§	(Jointly Administered)
Debtors.	§	Re: D.I. 1371

**LIMITED OBJECTION OF BC EXCHANGE SALT POND AND BCDPF RADAR
DISTRIBUTION CENTER LLC TO AMENDED PLAN SUPPLEMENT FOR THE
EIGHTH AMENDED JOINT CHAPTER 11 PLAN OF FRANCHISE GROUP, INC.
AND ITS DEBTOR AFFILIATES**

BC Exchange Salt Pond (“BCESP”) and BCDPF RADAR DISTRIBUTION CENTER LLC (“BCDPF”, and collectively, the “Landlords”) by and through their undersigned counsel, hereby objects (the “Objection”) to the Debtors’ *Amended Plan Supplement for the Eighth Amended Joint Chapter 11 Plan of Franchise Group, Inc. and its Debtor Affiliates* [D.I. 1371], which includes as Exhibit K an Assumed Contracts List, served by the above-captioned debtors and debtors-in-possession (the “Debtors”) and in support thereof would respectfully show as follows:

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy’s Newco, LLC (5404), Buddy’s Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260); Franchise Group Newco BHF, LLC (4123); Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies “Plus”, LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors’ headquarters is located at 109 Innovation Court, Suite J, Delaware, Ohio 43015.

I.
BACKGROUND

1. On December 20, 2024, the Debtors filed the *Notice of Possible Assumption and Assignment and Cure Costs With Respect to Executory Contracts and Unexpired Leases* [D.I. 487] (the “Assumption Notice”). On January 3, 2025, BCESP filed its *Objection of BC Exchange Salt Pond to (I) Notice of Possible Assumption and Assignment and Cure Costs With Respect to Executory Contracts and Unexpired Leases, and (II) Notice of Filing of Proposed Order (A) Approving the Sale of the Debtors’ Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (b) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [D.I. 619] (the “Cure Objection”).²

2. On April 25, 2025, the Debtors filed the *Eighth Amended Joint Chapter 11 Plan of Franchise Group, Inc. and its Debtor Affiliates* [D.I. 1312] (the “Plan”). On April 30, 2025, the Debtors filed the *Amended Plan Supplement for the Eighth Amended Joint Chapter 11 Plan of Franchise Group, Inc. and its Debtor Affiliates* [D.I. 1371] (the “Plan Supplement”). Attached to the Plan Supplement as Exhibit K is the Assumed Contracts List (the “Assumed Contracts List”).

II.
LIMITED OBJECTION

3. BCESP is a landlord under a nonresidential real property lease, as amended (the “BCESP Lease”) dated September 26, 2017, for approximately 7,357 square feet of Floor Area in the Salt Pond Shopping Center, as more particularly described in the Lease (the “Premises”), with Debtor PSP Stores, LLC as tenant (the “Tenant”). BCESP is also a party to a Guaranty with Debtor Pet Supplies “Plus,” LLC, as guarantor in connection with the BCESP Lease (the “Guaranty”),

² BCESP incorporates the Cure Objection as if fully set forth herein.

which is attached as Exhibit F to the Lease. The Guaranty should be reaffirmed by the applicable Reorganized Debtor and remain in full force and effect.

4. BCDPF is a landlord under a nonresidential real property lease, as amended (the “BCDPF Lease”) dated July 31, 2020, for approximately 135,650 rentable square feet in the warehouse/flex building containing approximately 290,788 rentable square feet (the “Building”) located on approximately 21.679 acres of land commonly known as 250 Radar Drive, Allen Township, Northampton County, Pennsylvania, as more particularly described in the BCDPF Lease with Pet Supplies Plus, LLC as tenant.³ BCDPF is the beneficiary of a letter of credit in connection with the BCDPF Lease. Such letter of credit should remain in place pursuant to the terms of the Lease.

5. The Debtors’ Assumed Contracts List lists a proposed cure amount under each of the leases of \$0.00 (the “Proposed Cure Amount”). While the Proposed Cure Amount appears to be currently correct with regard to liquidated amounts, if additional amounts come due prior to effectiveness of the assumption they must be paid as part of any cure.

6. Landlords have incurred and continue to incur attorneys’ fees in connection with enforcing their rights under the Leases in the Bankruptcy Case which must be paid as part of the cure. Attorneys’ fees continue to accrue and should be paid as part of the cure.

7. Further, any order approving cure amounts must provide that the cure includes regardless of when the charges accrued: (i) pre-petition and post-petition rent and other charges under the Leases, (ii) amounts due and owing under the Leases which may be unbilled as of the date of assumption, including but not limited to year-end adjustments for common area maintenance expenses, taxes and similar charges, (iii) any regular or periodic adjustment of

³ The BCDPF Lease and the BCESP Lease are collectively referred to herein as the Leases.

charges under the Lease which were not due or had not been determined as of the date of this Objection or the date of assumption or assumption and assignment, (iv) any non-monetary defaults, (v) attorneys' fees, and (vi) insurance and indemnification obligations under the Leases.

III.
RESERVATION OF RIGHTS

8. Landlords reserve the right to amend and/or supplement this Objection and to the extent not inconsistent with this Objection Landlords join in the objections filed by other landlords in the Bankruptcy Case

WHEREFORE, Landlords respectfully requests that the Court sustain their objections, and for such other and further relief to which they may show themselves to be justly entitled at law or in equity.

Dated: May 14, 2025
Wilmington, Delaware

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**ATTORNEYS FOR BC EXCHANGE SALT POND
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